

J. Horton
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TO: The Secretary

FROM: ARA - William G. Bowdler

SUBJECT: Argentina - Continuing the Dialogue Through
1980

Ambassador Smith's visit to Buenos Aires last week (March 23-26) was well received in Argentina. In our view, it provided a valuable and necessary follow-up to the Goodpaster mission.

In accordance with Ambassador Smith's recommendations to you (BUENOS AIRES 2604-NODIS), we would plan to continue efforts to rebuild relations and narrow differences. This will not be easy: differences remain on most major issues, many of them going back to previous Argentine administrations. Seeking to take advantage, the Soviets are probing for opportunities to establish cooperation in such matters as trade, military hardware,

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and nuclear technology. We will be watching developments closely in this area.

In seeking to foster greater receptivity to U.S. views, we would plan to proceed in a manner that takes account of Argentina's pronounced, endemic nationalism; encourages moderation, domestically and abroad; and conveys our continuing concern for respect of the individual and an eventual return to democratic institutions. We hope to limit the possibilities for Soviet gains. We do not wish to strengthen the Government's hand against democratic opposition forces, and we should avoid any appearance of doing so.

Specific Actions:

Within this framework, in line with Ambassador Smith's specific recommendations to you, we plan the following steps during 1980.

1. Major Pending Issues

A) Safeguards Assurances: Seek to work out the assurances, required in connection with the research reactor fuel, in conformance with U.S.

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law; we think the issue can be resolved on this basis.

B) Moscow Summer Olympics: Keep the GOA currently informed on the number of prospective non-participants; once the Europeans withdraw, we believe there is a reasonable possibility that the Argentines will also do so.

C) Grains Embargo: Stress through informal channels our continuing concern; export availabilities have now been sharply reduced by drought but the Argentines should be reminded that despite their problems in traditional markets, we continue to expect them to observe the informal export limits.

D) U.S. Exports: Stress our continuing interest in the participation of U.S. companies in the Yacyreta hydropower project.

E) Technical Cooperation: Authorize USDA to conclude the pending agreement for the sale of technical services to the Argentine Secretariat of Agriculture; this agreement is the product

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of a visit by a high-level USDA team to Buenos Aires last year.

2. Political Consultations:

Under Secretary for Foreign Affairs Cavandoli will be visiting Washington in late April. We plan to continue our political consultations at that time. The agenda as it now stands will include: human rights, Southwest Asia, including the Olympics and the grains embargo, nuclear issues, and Central America. (You presumably will be meeting Foreign Minister Pastor at the OASGA and/or the UNGA.)

3. Military Relations

Invitation to General Vaquero (Argentine Army Chief of Staff): Ambassador Smith found the GOA receptive to such an invitation. He stressed that an invitation assumed developments with respect to human rights and U.S.-Argentine relations remain favorable. We would plan to clear a formal invitation from General Vessey to Vaquero to visit the U.S., possibly in August or later in the year. We are in touch with DOD about the arrangements.

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4. Non-Proliferation:

- A) New technical cooperation: after resolution of the safeguards issue, Embassy Buenos Aires will explore possible Argentine interest in new cooperation not requiring amendment of the existing agreement of cooperation.
- B) Dialogue on proliferation: We will search for ways to continue the dialogue on global and hemispheric proliferation concerns. As a first step, Ambassador Smith plans to write a letter to Admiral Castro Madero following-up the conversations in Buenos Aires.

5. Economic Relations:

U.S.-Argentine Mixed Economic Commission: The next meeting is scheduled for early October, as agreed to by Deputy Secretary Hodges during his recent visit to Buenos Aires.

6. The Beagle Channel:

The Argentines are becoming concerned over the slow pace of the Papal mediation of the Beagle Channel

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dispute. Foreign Minister Pastor urged Ambassador Smith that the U.S. press for Chilean flexibility. The GOA desires to resolve the issue prior to the end of President Videla's term. There also are indications that the Argentine High Command, increasingly pessimistic over the prospects for mediation, is once again beginning to increase military readiness, but we doubt that hostilities are likely while the Vatican has the issue for mediation. We are cognizant of your views on this matter, and will avoid any action which would appear to inject us into the issue or to detract from the position we have taken that the Papal mediation represents the most promising solution to the problem.

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